

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
JUNE 30, 2007**

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL**

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**Alan C.
Young & Associates, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

2990 W. Grand Blvd., Suite 310
Detroit, MI 48202

(313) 873-7500
(313) 873-7502 (Fax)
www.alanyoung.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Plymouth Educational Center
Charter School
Detroit, MI

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the Plymouth Educational Center Charter School as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Plymouth Educational Center Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and the aggregate remaining fund information of the Plymouth Educational Center Charter School as of June 30, 2007 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Independent Auditors' Report (Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2007 on our consideration of Plymouth Educational Center Charter School's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information (identified in the table of contents) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plymouth Educational Center Charter School's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alan C. Young; Assoc.

October 13, 2007

**PLYMOUTH EDUCATIONAL CENTER – DETROIT, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

As management of the Plymouth Educational Center, we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The Academy's financial status remained strong and stable primarily due to increases in per-pupil State Aid and despite modest growth in student population. The Academy strives to practice prudent fiscal management of its resources.
- Enrollment increased by 16 students (1.8%) to 921.
- The Academy continued its policy allowing employees to opt out of medical coverage for a lump sum payment of \$1,200 per employee. The employees had to show proof of medical coverage from a spouse other source. There were 15 employees that elected this option in the 2006-2007 fiscal years. This strategy produced a savings of approximately \$58,000.
- Since fiscal 2003, the Academy has felt the impact of the declining economy through a reduction in State Aid, of which a major portion is derived from sales tax. We anticipate continued flat to declining revenue through fiscal year 2008.
- The Academy remains committed to maintaining competitive starting teacher salaries. This strategy helps recruit and retain highly qualified teachers. To reach the board's goal, the budget impact was an approximate \$184,679 increase in expenditures for instruction.
- The General Fund received \$8,129,640 in revenue, which primarily consisted of the State Foundation grant, federal grants, fundraising proceeds, and bank interest. Excluding inter-fund transfers, there were \$7,138,454 million in General Fund expenditures.

PLYMOUTH EDUCATIONAL CENTER – DETROIT, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007
(Continued)

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The statement of net assets presents information, using the accrual basis of accounting, on all of the Academy's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements outline functions of the Academy that are principally supported by State Aid and intergovernmental revenues (Federal grants). The governmental activities of the Academy include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are supported by State Aid and intergovernmental revenues.

The government-wide financial statements can be found on pages 1 - 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Michigan public school districts utilizing Bulletin 1022. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Academy can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. All activities of the Academy are included in the governmental funds. The Academy does not maintain any proprietary or fiduciary funds.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 - 19 of this report.

PLYMOUTH EDUCATIONAL CENTER – DETROIT, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets exceeded liabilities by \$1,064,669 as of June 30, 2007. This represents an increase of \$51,610 or 5% over last year.

The largest portion of the Academy's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the Academy's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Academy's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the period ending June 30, 2007

The following shows a comparison of the Academy's statements of net assets for the years ending June 30, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Current Assets	\$3,356,464	\$3,995,084
Noncurrent Assets	12,886,705	11,849,864
Total Assets	<u>16,243,169</u>	<u>15,844,948</u>
Current Liabilities	791,087	706,245
Noncurrent Liabilities	14,387,413	14,125,644
Total Liabilities	<u>15,178,500</u>	<u>14,831,889</u>
Net Assets		
Investment in Capital Assets (Net of Debt)	(3,530,807)	(4,395,140)
Restricted	1,433,820	2,353,816
Unreserved Fund Balance	<u>3,161,656</u>	<u>3,054,383</u>
Total Net Assets	<u><u>\$1,064,669</u></u>	<u><u>\$1,013,059</u></u>

**PLYMOUTH EDUCATIONAL CENTER – DETROIT, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Change in Net Assets for the periods ending June 30, 2007 and 2006

REVENUES

	<u>2007</u>	<u>2006</u>
Program Revenues:		
Charges for Services	\$122,195	\$162,757
Federal and State Categorical Grants	1,529,631	1,683,208
General Revenues:		
State Aid-Unrestricted	6,774,193	6,444,215
Other	337,228	250,820
Total Revenues	<u>8,763,247</u>	<u>8,541,000</u>

EXPENSES

Instruction	3,862,150	3,524,926
Support Services	3,235,512	3,219,102
Food Services	353,470	327,878
Athletics	59,653	34,489
Latchkey	194,490	254,960
Interest on Long-term Debt	737,357	413,153
Unallocated Depreciation	165,081	165,081
Refunding Bond Expenses	103,924	103,924
Total Expenses	<u>8,711,637</u>	<u>8,043,513</u>

INCREASE IN NET ASSETS

<u>\$51,610</u>	<u>\$497,487</u>
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FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

The strong performance of the District as a whole is reflected in its governmental funds. As the District completed its year, its governmental funds reported combined fund balances of \$2.68 million, including a fund balance in the General Fund of \$1,250,978 which represents 15.4% of total Academy revenue. The General Fund balance experienced an increase of \$195,267 or 18.5% over last year. This is despite the transfer of (\$58,675) to cover an operating deficit in the School Service Fund.

The General Fund had a surplus of \$195,267 primarily due to conservative budgeting and the close monitoring of expenditures.

Overall, the Academy is in good financial health.

**PLYMOUTH EDUCATIONAL CENTER – DETROIT, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007
(Continued)**

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS – (Continued)

The following table presents a summary of general fund revenue and expense for the fiscal years ended June 30, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
REVENUES		
Local Revenue Sources	\$252,005	\$286,703
State Revenue Sources	7,215,239	6,962,580
Federal Revenue	662,396	679,357
Total Revenues	<u>8,129,640</u>	<u>7,928,640</u>
EXPENSES		
Instruction	3,763,898	3,433,554
Student Support Services	167,217	226,161
Instructional Support	245,754	276,673
General Administration	469,758	508,293
School Administration	1,079,231	1,210,760
Business Support	440,463	357,501
Plant Operations	949,174	718,866
Student Transportation	22,959	20,807
Total Expenses	<u>7,138,454</u>	<u>6,752,615</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$991,186</u>	<u>\$1,176,025</u>

Also, note that \$937,244 and \$1,140,355 were transferred to the debt service fund for funding of the Academy's bonded debt for the years ended June 30, 2007 and 2006 respectively.

General Fund Revenue

The majority of revenue was derived from state funding (88.8%) with federal funding making up 8.1% of total revenue. There was also local revenue from private grants and fundraising making up 3.1% of total revenue.

Expenditure Allocation

Basic Instruction accounted for \$3,374,321 or 47.3% of the general fund expenses. \$556,794 (7.8%) was spent on student support and serving children with special needs. Instructional Support expenditures were 3.4%.

\$949,174 (13.3%) was expended on Operations and Maintenance and 28.2% was expended on School Administration, and other Central Support Services.

**PLYMOUTH EDUCATIONAL CENTER – DETROIT, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007
(Continued)**

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS – (Continued)

Comments on Budget Comparisons

- The Academy's total revenues for the fiscal year ended June 30, 2007 including all funds and net of Inter-fund transfers and Other Financing Sources, were \$8.76 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$9,865 less than budget or approximately 0.1%.
- The total cost of all programs and services was \$8.7 million net of debt service.
- General fund budget expenditures to actual varied significantly in Academy Added Needs (\$200,387). Additionally, the Instructional Staff and Maintenance & Operations areas closed with a variance of \$68,552 and \$104,721, respectively. Budget amendments will be proposed more often and we will continue to institute changes in the planning processes to help avoid this in the future. Increased attention will be paid to these budget areas during monthly budgeted expenditures monitoring.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2007, the Academy had \$10.6 million (net of depreciation) invested in a broad range of capital assets, including buildings, athletic field improvements, landscaping, playground equipment, furniture, and computer and audio visual equipment. Total depreciation for the year was \$317,293.

	<u>2007</u>	<u>2006</u>
Land	\$255,900	\$255,900
Building and Building Improvements	9,803,286	8,649,841
Furniture and Equipment	536,439	549,119
Total	<u>\$10,595,625</u>	<u>\$9,454,860</u>

This year's additions of \$1,458,058 included the completion of the construction to the lower level of the school building. 4 classrooms, 2 offices and an Art Instruction room were built to meet instructional and facility needs. Also completed were the new football field with synthetic turf, and a new playground. Remaining capital purchases include furniture for the new rooms and heating and cooling equipment.

Debt

At the end of this year, the Academy had \$14,387,413 in outstanding long-term debt versus \$14,125,644 in the previous year – an increase of 1.9 percent. The net increase in long-term debt includes two capital leases for the athletic field, playground and lower level construction, totaling \$500,000, the paying of principal on the school bonds, and the paying down of other existing capital leases.

\$333,153 of long - term debt will be retired in the 2007-2008 fiscal years. This will further improve the Academy's cash position and financial standing.

**PLYMOUTH EDUCATIONAL CENTER – DETROIT, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007
(Continued)**

BUDGETARY IMPLICATIONS

In Michigan the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the Academy overall budget.

Economic Factors and Next Year's Budgets and Rates

The Academy considers many factors when setting the Academy's 2007-2008 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2006 fiscal year is 25 percent of the February 2006 student count and 75 percent of the September 2006 student count. The all inclusive budget was adopted in May 2007 based on an estimate of students that will be enrolled in September 2007. Approximately 88.8% of total General Fund revenue is from the foundation allowance.

As of the date of this report, the State of Michigan has not officially passed a fiscal year budget for 2007-2008. We are however expecting an increase of about 1% in the per pupil foundation grant. The Academy has prepared several budget scenarios in the event that the increase in per pupil funding deviates from the expected amount.

Under State law the Academy cannot assess property taxes for additional revenue for general operations. As a result, the Academy is heavily dependent on the State's ability to fund school operations. Based on early enrollment data at the start of the 2008 school year, we anticipate that the Fall count will be close to the estimates used in creating the 2007-2008 budget. Once the final student count and related pupil funding are validated, State law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriations to public schools and public school Academies. The State periodically holds a revenue estimating conference to estimate revenues.

All Academy employees belong to The Michigan Public School Employees Retirement System (MPERS). The State mandates that the Academy contribute a percentage of each employee's salary towards funding his pension. The Academies contribution rate towards the pension will decrease from 17.74% in the 2006-2007 fiscal year to 16.72% in 2007-2008. This 5.7% decrease in pension contributions will have a positive budgetary impact of approximately \$34,000.

Questions regarding this report should be directed to the Chief Administrative Officer **(313) 831-3280** or to Idowu A. Jegede, Director of Business Operations **(313) 831-3280** or by mail at **1460 East Forest, Detroit, Michigan 48207**.

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>
Assets:	
Cash and Investments (Note 3)	\$1,849,694
Receivables (Note 4)	1,441,686
Prepaid Expenses	65,084
Capital Assets - Net (Note 5)	10,595,625
Deferred Bond Issuance Costs (Note 7)	744,095
Deferred Loss on Bond Issuance (Note 7)	1,546,985
Total Assets	<u>16,243,169</u>
Liabilities:	
Accounts Payable	51,797
Loan Payable	97,558
Accrued Payroll and Other Liabilities	641,732
Long-Term Liabilities (Note 7):	
Due within one year	333,153
Due in more than one year	14,054,260
Total Liabilities	<u>15,178,500</u>
Net Assets:	
Investment in Capital Assets - Net of Related Debt	(3,530,807)
Restricted:	
Debt Service Fund	1,373,591
Capital Projects Fund	60,229
Unrestricted	3,161,656
Total Net Assets	<u>\$1,064,669</u>

The notes to financial statements are an integral part of this statement.

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
STATEMENT OF ACTIVITIES
JUNE 30, 2007**

Functions/Programs	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants/Contributions	Net (Expense) Revenue and Changes in Net Assets
Primary Government-Governmental Activities:				
Instruction	\$3,862,150	\$0	\$335,789	(\$3,526,361)
Support Services	3,235,512	0	767,099	(2,468,413)
Food Services	353,470	36,942	396,388	79,860
Athletics	59,653	4,216	30,355	(25,082)
Latchkey	194,490	81,037	0	(113,453)
Interest on Long-Term Debt	737,357	0	0	(737,357)
Depreciation (Unallocated)	165,081	0	0	(165,081)
Refunding Bond Expenses	103,924	0	0	(103,924)
Total Primary Government-Governmental Activities	8,711,637	122,195	1,529,631	(7,059,811)
General Revenues:				
State Aid not restricted to specific purposes				6,774,193
Interest and Investment Earnings				86,407
Contributions not restricted to specific purpose				68,540
Other				182,281
		Total General Revenues		7,111,421
Change in Net Assets				51,610
Net Assets-Beginning of Year				1,013,059
Net Assets-End of Year				\$1,064,669

The notes to financial statements are an integral part of this statement.

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Investments (Note 3)	\$213,515	\$1,523,115	\$60,229	\$52,835	\$1,849,694
Receivables (Note 4)	1,396,020	0	0	45,666	1,441,686
Due from Other Funds	384,971	0	0	136,946	521,917
Prepaid Expenses	65,084	0	0	0	65,084
Total Assets	\$2,059,590	\$1,523,115	\$60,229	\$235,447	\$3,878,381
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$51,797	\$0	\$0	\$0	\$51,797
Loan Payable (Note 8)	97,558	0	0	0	97,558
Due to Other Funds	136,946	149,524	0	235,447	521,917
Accrued Payroll and Other Liabilities	522,311	0	0	0	522,311
Total Liabilities	808,612	149,524	0	235,447	1,193,583
Fund Balances:					
Reserved:					
Debt Service Fund	0	1,373,591	0	0	1,373,591
Capital Projects Fund	0	0	60,229	0	60,229
Unreserved:					
Undesignated	1,250,978	0	0	0	1,250,978
Total Fund Balances	1,250,978	1,373,591	60,229	0	2,684,798
Total Liabilities and Fund Balances	\$2,059,590	\$1,523,115	\$60,229	\$235,447	\$3,878,381

The notes to financial statements are an integral part of this statement.

PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Amount</u>
Fund Balance-Total Governmental Funds	\$2,684,798
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different because:	
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds:	
The Cost of Capital Assets is	12,273,289
Accumulated Depreciation is	<u>(1,677,664)</u>
	10,595,625
Long-Term Liabilities are not Due and Payable in the Current Period and are not Reported in the Governmental Funds:	
Bonds Payable	(13,660,000)
Compensated Absences	(260,981)
Other	(466,432)
Accrued Interest Payable is not included as a Liability in Governmental Funds	(119,421)
Bond Issuance Costs and Loss on Bond Issuance are Amortized over the Life of the Bond Issues in the Governmental Activities	<u>2,291,080</u>
Net Assets-Governmental Activities	<u>\$1,064,669</u>

The notes to financial statements are an integral part of this statement.

**PLYMOUTH CENTER CHARTER SCHOOL
GOVERNMENT FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2007**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue:					
Local Sources	\$252,005	\$65,105	\$19,564	\$152,550	\$489,224
State Sources	7,215,239	0	0	5,900	7,221,139
Federal Sources	662,396	0	0	390,488	1,052,884
Total Revenue	<u>8,129,640</u>	<u>65,105</u>	<u>19,564</u>	<u>548,938</u>	<u>8,763,247</u>
Expenditures:					
<u>Current:</u>					
Instruction	3,763,898	0	0	0	3,763,898
Support Services	3,374,556	0	0	0	3,374,556
Food Services	0	0	0	353,470	353,470
Athletics	0	0	0	59,653	59,653
Latchkey	0	0	0	194,490	194,490
Capital Outlay	0	0	954,716	0	954,716
<u>Debt Service:</u>					
Principal	0	548,569	0	0	548,569
Interest	0	738,624	0	0	738,624
Total Expenditures	<u>7,138,454</u>	<u>1,287,193</u>	<u>954,716</u>	<u>607,613</u>	<u>9,987,976</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>991,186</u>	<u>(1,222,088)</u>	<u>(935,152)</u>	<u>(58,675)</u>	<u>(1,224,729)</u>
Other Financing Sources (Uses)					
Proceeds from Capital Lease	200,000	300,000	0	0	500,000
Refunded Payment to Escrow	0	0	0	0	0
Bond Issuance Expenses	0	0	0	0	0
Transfers In	0	961,045	0	138,535	1,099,580
Transfers Out	(995,919)	0	(23,801)	(79,860)	(1,099,580)
Total Other Financing Sources (Uses)	<u>(795,919)</u>	<u>1,261,045</u>	<u>(23,801)</u>	<u>58,675</u>	<u>500,000</u>
Net Changes in Fund Balances	195,267	38,957	(958,953)	0	(724,729)
Fund Balances-Beginning of Year	1,055,711	1,334,634	1,019,182	0	3,409,527
Fund Balances-End of Year	<u>\$1,250,978</u>	<u>\$1,373,591</u>	<u>\$60,229</u>	<u>\$0</u>	<u>\$2,684,798</u>

The notes to financial statements are an integral part of this statement.

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

	<u>Amount</u>
Net Change in Fund Balance-Total Governmental Funds	(\$724,729)
Amounts Reported for Governmental Activities in the Statement of Activities are Different because:	
Governmental Funds Report Capital Outlay as expenditures; in the Statement of Activities, these Costs are Allocated Over their Estimated Useful Lives as Depreciation:	
Depreciation Expense	(317,293)
Capitalized Capital Outlay	<u>1,458,058</u>
	1,140,765
Accrued Interest is Recorded in the Statement of Activities when Incurred; it is not Reported in Governmental Funds until Paid	1,267
Repayment of Bond Principal and Note Obligations are Expenditures in the Governmental Funds, but not in Statement of Activities (where it reduces long-term debt)	259,663
Unamortized Bond Issuance Costs and Unamortized Loss on Bond Issuance are shown as Expenditures in the Governmental Funds, but are allocated over the Life of the Issuance in the Statement of Activities	(103,924)
Compensated Absences are Recorded when Earned in the Statement of Activities. In the Current Year, more was Earned than was Paid Out.	(21,432)
Issuance of New Debt is recorded as Other Financing Sources in the Governmental Funds, but not in Statement of Activities (where it increases long-term debt)	<u>(500,000)</u>
Change in Net Assets of Governmental Activities	<u><u>\$51,610</u></u>

The notes to financial statements are an integral part of this statement.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Plymouth Educational Center Charter School conform to generally accepted accounting principles as applicable to charter schools. The following is a summary of the significant policies:

Reporting Entity

Plymouth Educational Center Charter School is a nonprofit corporation and a public school academy. The State of Michigan has delegated to Central Michigan University the responsibility of authorizing the establishment of public school academies and Central Michigan University approved the establishment of Plymouth Educational Center Charter School and Plymouth Educational Center Charter School was established pursuant to the Michigan School Code of 1976 ("Code"), as amended by Act No. 362 of the Public Acts of 1993, being Part 6A, Sections 380.501 to 380.507 of the Michigan Compiled Laws, and Act No. 416 of the Public Acts of 1994, being Part 6B, Sections 380.511 and 380.518 of the Michigan Compiled Laws.

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the Charter School. Based on application of the criteria, the entity does not contain component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Charter School's district-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Financial Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all unrestricted State aid.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

The Charter School reports the following major governmental funds:

General Fund

This fund is used to account for all operational activities of Plymouth Educational Center Charter School. The General Fund includes the current operating expenditures of Plymouth Educational Center Charter School. Revenues are derived primarily from the State of Michigan.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Debt Service Fund

This fund is used to record activity related to the payment of interest, principal and other expenditures on long-term debt.

Capital Projects Fund

This Fund is used to account for capital projects associated with the improvement and development of the Charter School's facilities.

Additionally the Charter School reports the following fund types:

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes and transactions of the Charter School's latchkey, cafeteria and athletic programs. The Charter School maintains full control of these funds.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments – Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

Receivables are shown net of an allowance for uncollectible amounts. The Charter School considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Capital Assets – Capital assets, which include land, buildings and equipment are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the Charter School as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Charter School does not have infrastructure-type assets.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Assets, Liabilities, and Net Assets or Equity – (Continued)

Capital Assets (Continued) - Buildings and equipment are depreciated using the straight-line method over the following useful lives:

Building and Building Additions	25-50 years
Furniture and Other Equipment	10 years

Compensated Absences – The liability for compensated absences reported in the district-wide statement consists of earned but unused accumulated sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data – Comparative data is not included in the Charter School's financial statements.

2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for the General, Special Revenue, and Debt Service Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund function and object. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the object level. State law requires the Charter School to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Charter School incurred expenditures in the General Fund, which were in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund:		
Basic Instruction	\$3,280,368	\$3,374,321
Support Services:		
Instructional Staff	177,202	245,754
General Administration	439,092	469,758
Maintenance Operations	844,453	949,174
Transportation	15,000	22,959

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund. In the Charter School's opinion, any disallowed claims will not have a material effect on the financial statements as of and for the year June 30, 2007.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

3) DEPOSITS AND INVESTMENTS

State statutes and the Charter School's investment policy authorize the Charter School to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the Charter School is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Charter School's deposits are in accordance with statutory authority.

The Charter School has designated two banks for the deposit of its funds.

The investment policy adopted by the Board has authorized investments as listed in the State statutory authority as listed above.

The Charter School's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter School's deposits may not be returned to it. The Charter School's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the Charter School's deposits for custodial credit risk. At year end, the Charter School deposit balance of \$2,133,405 had \$1,887,717 of bank deposits (certificates of deposit, checking and saving accounts) that were uninsured and uncollateralized. The Charter School believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Charter School evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Charter School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Charter School's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law. The Charter School does not have investments with custodial credit risk.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

3) DEPOSITS AND INVESTMENTS – (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Charter School's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The Charter School's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Charter School's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Charter School's investment policy does not further limit its investment choices. The Charter School held no such investments at June 30, 2007.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. State law and the Charter School's policy prohibit investment in foreign currency.

4) RECEIVABLES AND DEFERRED REVENUE

Receivables as of year end for the Charter School's individual major and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:			
Intergovernmental	<u>\$1,396,020</u>	<u>\$45,666</u>	<u>\$1,441,686</u>

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

4) RECEIVABLES AND DEFERRED REVENUE – (Continued)

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Charter School had no deferred revenue.

5) CAPITAL ASSETS

Capital assets activity of the Charter School's governmental activities was as follows:

	Balance July 1, 2006	Additions	Disposals and Adjustments	Balance July 1, 2007
Capital Assets not Being Depreciated:				
Land	\$255,900	\$0	\$0	\$255,900
Capital Assets Being Depreciated:				
Building and Building Improvements	9,616,958	213,331	0	9,830,289
Assets under Capital Lease	357,118	0	0	357,118
Furniture and Equipment	585,255	88,662	0	673,917
Site Improvements	0	1,156,065	0	1,156,065
Subtotal	<u>10,815,231</u>	<u>1,458,058</u>	<u>0</u>	<u>12,273,289</u>
Accumulated Depreciation:				
Building and Building Improvements	967,117	187,049	0	1,154,166
Assets under Capital Lease	144,347	27,864	0	172,211
Furniture and Equipment	248,907	73,478	0	322,385
Site Improvements	0	28,902	0	28,902
Subtotal	<u>1,360,371</u>	<u>317,293</u>	<u>0</u>	<u>1,677,664</u>
Net Governmental Capital Assets	<u>\$9,454,860</u>	<u>\$1,140,765</u>	<u>\$0</u>	<u>\$10,595,625</u>

6) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	Debt Service Fund	Nonmajor Governmental Funds	General Fund	
General Fund	\$149,524	\$235,447	\$0	\$384,971
Non-Major Govt. Funds	0	0	136,946	136,946
Total	<u>\$149,524</u>	<u>\$235,447</u>	<u>\$136,946</u>	<u>\$521,917</u>

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

6) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – (Continued)

Interfund receivables and payables occur during the normal course of business and are settled routinely during the year.

Interfund Transfers

	Transfers Out- General Fund	Transfers Out- Other Governmental Funds	Transfers Out- Capital Projects	Total
Transfers in-Debt Service Fund	\$937,244	\$0	\$23,801	\$961,045
Transfers in-Other Governmental Funds	58,675	79,860	0	138,535
Total	\$995,919	\$79,860	\$23,801	\$1,099,580

Interfund transfers provide General Fund support to the Debt Service and Latchkey funds.

7) LONG-TERM DEBT

The Charter School issues bonds, notes and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter School. Notes and installment purchase agreements are also general obligations of the Charter School. Other long-term obligations include compensated absences.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds	\$13,850,000	\$0	\$190,000	\$13,660,000	\$225,000
Accrued Sick Pay	239,549	21,432	0	260,981	0
Notes	0	0	0	0	0
Capital Lease Obligations	36,095	500,000	69,663	466,432	108,153
Total Governmental Activities	\$14,125,644	\$521,432	\$259,663	\$14,387,413	\$333,153

The Center has issued \$13,850,000 in revenue and refunding bonds due in annual installments of \$225,000 to \$890,000 through November 2035, with interest ranging from 4% to 5.625%.

These bonds contain certain minimum fund balance covenants. The Center must maintain an unrestricted fund balance in its general fund which equals not less than an amount calculated as a percentage of operating expenses for the prior school year. This percentage ranges from 5% to 10% depending upon various criteria. If the minimum fund balance falls below the required amount as of June 30, the Center must retain on an annual basis a minimum of 50% of excess net revenues until the Center is in compliance with the minimum fund balance requirement.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

7) LONG-TERM DEBT – (Continued)

The annual requirements to service the bond payable outstanding to maturity, including both principal and interest are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	225,000	712,028	937,028
2009	230,000	702,784	932,784
2010	240,000	692,940	932,940
2011	245,000	681,715	926,715
2012	255,000	669,215	924,215
2013-17	1,525,000	3,136,962	4,661,962
2018-22	1,935,000	2,704,009	4,639,009
2023-27	2,490,000	2,134,636	4,624,636
2028-32	3,230,000	1,372,006	4,602,006
2033-36	3,285,000	377,799	3,662,799
Total	<u><u>\$13,660,000</u></u>	<u><u>\$13,184,094</u></u>	<u><u>\$26,844,094</u></u>

Capital Lease Obligations – The first capital lease obligation is with G.E. Capital. The lease began in February 2007 and carries a monthly payment of \$1,207 for 36 months. The capitalizable value of the asset is \$37,948 and is reflected in the statement of net assets.

The outstanding lease obligation at June 30, 2007 is \$22,330. This obligation matures as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2008	\$13,002
2009	9,328
Total	<u><u>\$22,330</u></u>

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

7) LONG-TERM DEBT – (Continued)

In Fiscal 2007, the Charter School entered into a Trust Indenture with Charter FS of Michigan in connection with its Revenue Bonds, Series 2005. The lease purchase agreement financing, in the amount of \$300,000, was to acquire turf grass for the Charter School's athletic field.

The lease was assigned to De Lage Landen Public Finance. The monthly lease payments of \$6,314 started on November 1, 2006 and will go through September 1, 2011. The outstanding lease obligation at June 30, 2007 is \$267,782. This obligation matures as follows:

Year Ended June 30,	Amount
2008	\$58,010
2009	60,630
2010	63,611
2011	66,739
2012	18,792
Total	<u><u>\$267,782</u></u>

In Fiscal 2007, the Charter School entered into a lease purchase agreement with Fifth Third Bank to acquire equipment and other items of personal property. \$200,000 was deposited into an escrow account allowing PEC to pay vendors as equipment was acquired in 2007. The monthly lease payments of \$3,807 began on November 5, 2006 and will go through November 5, 2011. The outstanding lease obligation at June 30, 2007 is \$176,320. This obligation matures as follows:

Year Ended June 30,	Amount
2008	\$37,141
2009	39,181
2010	41,334
2011	43,604
2012	15,060
Total	<u><u>\$176,320</u></u>

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

7) LONG-TERM DEBT – (Continued)

Defeased Debt – During 2006, the Center issued \$13,850,000 in revenue and refunding bonds with interest rates ranging between 4.0% and 5.625%. The proceeds of these bonds were used to advance refund \$11,100,000 of outstanding certificate serial bonds with interest rates ranging between 7.0 % and 12.5%. The net proceeds of \$12,801,683 (after payment of \$797,245 in underwriting fees, insurance, and other issuance costs, as well as funds being utilized for capital projects) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the Center's financial records. The advance refunding increased total debt service payments over the next thirty years by approximately \$475,000 which represents an economic loss of approximately \$100,000.

Bond Issuance Cost – The bond issuance costs of \$797,245 are being amortized over the life of the bond issuance. The unamortized balance at June 30, 2007 was \$744,095.

Loss on Bond Issuance – The loss on bond issuance of \$1,701,683 (proceeds of \$12,801,683 deposited with escrow agent less \$11,100,000 outstanding balance on defeased bonds) is being amortized over the weighted average life remaining on the defeased bonds. The unamortized balance at June 30, 2007 was \$1,546,985.

8) LOAN PAYABLE

The \$97,558 loan payable represents the outstanding balance on a \$350,000 loan from Key Bank. The original issuance date was September 20, 2006 with a maturity date of August 30, 2007. The Key Bank loan carries an interest rate of 5.50% and has a remaining balance of \$97,457 outstanding as of June 30, 2007. The loan was paid in full as of August 30, 2007.

9) DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS

Plan Description – The Charter School participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy – Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

**PLYMOUTH EDUCATIONAL CENTER
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)**

**9) DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS –
(Continued)**

Funding Policy – (Continued) - The pension benefit rate totalled 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The Charter School contributions to the MPSERS plan for the years ended June 30, 2007, 2006 and 2005 were \$543,827, \$493,659, and \$410,274 respectively.

Postemployment Benefits – Under the MPSERS Act, all retirees participating in the MPSERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post employment health care benefits are included as part of the Charter School's total contribution to the MPSERS plan discussed above.

MPSERS Credit Information – The State School Aid Act, section 147, was amended in fiscal year 2007. The amended language states that the Michigan Public School Employees Retirement System shall issue credits to local and Intermediate School Districts to meet their required obligations. The credit will reduce the amount of pension contributions due from the local and ISD's. The portion of the credit issued on behalf of the local or ISD relating to nonfederal wages shall be considered a payment made in calculating discretionary payments.

Under this amendment, local and ISD's will receive less in state school aid and contribute less to MPSERS. Plymouth Educational Center received a credit of \$96,469 for the year ending June 30, 2007.

10) RELATED PARTY TRANSACTIONS

For the year ended June 30, 2007, the Charter School received a contribution of \$15,000 from the Plymouth Educational Foundation, a related entity.

REQUIRED SUPPLEMENTAL INFORMATION

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
YEAR ENDED JUNE 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue:				
Local Sources	\$92,067	\$223,000	\$252,005	\$29,005
State Sources	7,232,306	7,383,149	7,215,239	(167,910)
Federal Sources	569,202	533,356	662,396	129,040
Total Revenue	<u>7,893,575</u>	<u>8,139,505</u>	<u>8,129,640</u>	<u>(9,865)</u>
Expenditures:				
<u>Instruction:</u>				
Basic Instruction	3,383,061	3,280,368	3,374,321	93,953
Added Needs	263,408	589,964	389,577	(200,387)
<u>Support Services:</u>				
Pupil Support	188,616	188,616	167,217	(21,399)
Instructional Staff	259,342	177,202	245,754	68,552
General Administration	424,092	439,092	469,758	30,666
School Administration	1,061,557	1,153,729	1,079,231	(74,498)
Business Services	433,431	445,223	440,463	(4,760)
Maintenance and Operations	859,208	844,453	949,174	104,721
Transportation	15,000	15,000	22,959	7,959
Other	0	1,205,858	0	(1,205,858)
Total Expenditures	<u>6,887,715</u>	<u>8,339,505</u>	<u>7,138,454</u>	<u>(1,201,051)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	0	200,000	200,000	0
Transfers Out	(1,005,860)	0	(995,919)	(995,919)
Total Other Financing Sources (Uses)	<u>(1,005,860)</u>	<u>200,000</u>	<u>(795,919)</u>	<u>(995,919)</u>
Net Changes in Fund Balances	0	0	195,267	195,267
Fund Balances-July 1, 2006	<u>1,055,711</u>	<u>1,055,711</u>	<u>1,055,711</u>	<u>0</u>
Fund Balances-June 30, 2007	<u>\$1,055,711</u>	<u>\$1,055,711</u>	<u>\$1,250,978</u>	<u>\$195,267</u>

OTHER SUPPLEMENTAL INFORMATION

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds			Total
	Food Services	Athletics	Latchkey	
<u>ASSETS</u>				
Cash and Investments	\$0	(\$325)	\$53,160	\$52,835
Receivables	38,309	0	7,357	45,666
Due from Other Funds	136,946	0	0	136,946
Total Assets	<u>\$175,255</u>	<u>(\$325)</u>	<u>\$60,517</u>	<u>\$235,447</u>
<u>LIABILITIES</u>				
Accounts Payable	\$0	\$0	\$0	\$0
Due to Other Fund	0	0	235,447	235,447
Total Liabilities	<u>0</u>	<u>0</u>	<u>235,447</u>	<u>235,447</u>
<u>FUND BALANCES</u>				
Unreserved:				
Undesignated, Reported in Special Revenue Funds	175,255	(325)	(174,930)	0
Total Fund Balances	<u>175,255</u>	<u>(325)</u>	<u>(174,930)</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$175,255</u>	<u>(\$325)</u>	<u>\$60,517</u>	<u>\$235,447</u>

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds			Total
	Food Services	Athletics	Latchkey	
REVENUE				
Local	\$36,942	\$34,571	\$81,037	\$152,550
State	5,900	0	0	5,900
Federal	390,488	0	0	390,488
Total Revenue	<u>433,330</u>	<u>34,571</u>	<u>81,037</u>	<u>548,938</u>
EXPENDITURES				
Current:				
Food Services	353,470	0	0	353,470
Athletics	0	59,653	0	59,653
Latchkey	0	0	194,490	194,490
Total Expenditures	<u>353,470</u>	<u>59,653</u>	<u>194,490</u>	<u>607,613</u>
Excess of Revenue Over (Under) Expenditures	79,860	(25,082)	(113,453)	(58,675)
Other Financing Sources-Transfer In	0	25,082	113,453	138,535
Other Financing Uses-Transfer Out	<u>(79,860)</u>	<u>0</u>	<u>0</u>	<u>(79,860)</u>
Net Changes in Fund Balances	0	0	0	0
Fund Balances-Beginning of Year	<u>175,255</u>	<u>(325)</u>	<u>(174,930)</u>	<u>0</u>
Fund Balances-End of Year	<u>\$175,255</u>	<u>(\$325)</u>	<u>(\$174,930)</u>	<u>\$0</u>

**Alan C.
Young & Associates, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

2990 W. Grand Blvd., Suite 310
Detroit, MI 48202

(313) 873-7500
(313) 873-7502 (Fax)
www.alanyoung.com

October 13, 2007

To the Board of Directors of
Plymouth Educational Center
Charter School
Detroit, Michigan

In planning and performing our audit of the financial statements of Plymouth Educational Center Charter School (the School) for the year ended June 30, 2007, we considered the School's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that have an opportunity for strengthening internal controls and operating efficiency. Exhibit A, that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report on the financial statements of the School.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel of the School, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Alan C. Young & Associates, P.C.
Certified Public Accountants

1) PAID INVOICES

During our testing of cash disbursements, we noted several instances where invoices were not marked as paid after payment was made. Not stamping invoices as "paid" increases the risk of duplicate payment of funds.

We recommend that after payment is made on an invoice, the invoice be stamped "paid". Although we noted no errors or duplicate payments stamping all invoices as "paid" is a simple procedure that can help eliminate basic errors within the cash disbursement system.

2) AUDIT SCHEDULES

During the audit, some of the schedules provided to us for audit purposes were not as effective as they could be. Although there were no errors with the schedules we were provided, more detailed schedules could help improve the efficiency of the audit.

We recommend that detailed schedules be provided for all significant audit areas. These schedules should provide detail for what comprises the general ledger balance. Provision of these schedules would be very useful for audit purposes and would increase the efficiency of the audit.

3) EXPENSES IN EXCESS OF BUDGET

For the year ended June 30, 2007, the School's expenses exceeded the final budgeted level for basic instruction, instructional staff, general administration, maintenance and operations and transportation. Expenditures in excess of amounts budgeted are a violation of Michigan law.

We recommend that the School improve their efforts to match their budgets with the appropriate areas expenditures will be incurred. In total, the School's expenditures were less than the amount budgeted. However, there were several budget overages within the individual line items.

**PLYMOUTH EDUCATIONAL
CENTER CHARTER SCHOOL**

**FEDERAL AWARDS
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2007

**PLYMOUTH EDUCATIONAL
CENTER CHARTER SCHOOL**

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Young & Associates, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Detroit, MI 48202

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(313) 873-7502 (Fax)
www.alanyoung.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Plymouth Educational Center
Charter School

We have audited the general purpose financial statements of the Plymouth Educational Center Charter School for the year ended June 30, 2007 and have issued our report thereon dated October 13, 2007. Those general purpose financial statements are the responsibility of the management of the Plymouth Educational Center Charter School. Our responsibility was to express an opinion on those general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Plymouth Educational Center Charter School taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Alan C. Young & Assoc.

October 13, 2007

**Alan C.
Young & Associates, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

2990 W. Grand Blvd., Suite 310
Detroit, MI 48202

(313) 873-7500
(313) 873-7502 (Fax)
www.alanecyoung.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Plymouth Educational Center
Detroit, Michigan

We have audited the financial statements of the governmental activities, major funds and the aggregate remaining fund information of the Plymouth Educational Center Charter School as of and for the year ended June 30, 2007 and have issued our report thereon dated October 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Plymouth Educational Center Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plymouth Educational Center Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Plymouth Educational Center Charter School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Report on Internal Control Over Financial Reporting
And on Compliance And on Other Matters
Based On An Audit of Financial Statements Performed
In Accordance With Government Auditing Standards
(Continued)

Internal Control over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plymouth Educational Center Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Plymouth Educational Center Charter School in a separate letter dated October 13, 2007.

This report is intended solely for the information and use of management, board of directors, others within the entity, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Alan C. Young; Acco.

October 13, 2007

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Detroit, MI 48202

(313) 873-7500
(313) 873-7502 (Fax)
www.alanccyoung.com

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
Plymouth Educational Center
Detroit, Michigan

We have audited the compliance of Plymouth Educational Center Charter School with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2007. Plymouth Educational Center Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Plymouth Educational Center Charter School's management. Our responsibility is to express an opinion on Plymouth Educational Center Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Plymouth Educational Center Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Plymouth Educational Center's compliance with those requirements.

In our opinion, Plymouth Educational Center Charter School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Report On Compliance With Requirements Applicable
To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Plymouth Educational Center Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Plymouth Educational Center Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Plymouth Educational Center Charter School's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, board of directors, others within the entity, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Alan C. Young, Assoc.

October 13, 2007

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

Federal/Pass Through Grantor/Program Title/Grants	Federal CFDA Number	Approved Grant Award Amount	Accrued/ (Deferred) Revenue 6/30/06	Memo Only Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash/In-Kind Receipts	Accrued/ (Deferred) Revenue 6/30/07	Revenue
U.S. DEPT. OF EDUCATION:									
<u>Passed thru MI Department of Education</u>									
<u>Title I</u>									
0615300506	84.010	\$477,894	\$42,894	\$477,894	\$0	\$0	\$42,894	\$0	\$0
0715300607		454,000	0	0	0	454,000	350,000	104,000	454,000
Total Title I		931,894	42,894	477,894	0	454,000	392,894	104,000	454,000
<u>Title V</u>									
070250 0607	84.298	13,085	0	0	0	3,852	0	3,852	3,852
Total Title V		13,085	0	0	0	3,852	0	3,852	3,852
<u>Technology Literacy</u>									
0642805A	84.318	7,000	(604)	6,396	0	604	0	0	604
0742900607		13,575	0	0	0	13,575	0	13,575	13,575
Total Technology Literacy		20,575	(604)	6,396	0	14,179	0	13,575	14,179
<u>Improving Teacher Quality</u>									
070520 0607	84.367	70,844	0	0	0	70,844	70,844	0	70,844
Total Improving Teacher Quality		70,844	0	0	0	70,844	70,844	0	70,844
Total Passed thru MI Department of Education		1,036,398	42,290	484,290	0	542,875	463,738	121,427	542,875
<u>Passed thru WCRESA</u>									
<u>Idea Flowthrough</u>									
2006-07	84.027	119,521	0	0	0	119,521	108,465	11,056	119,521
Total Idea Flowthrough		119,521	0	0	0	119,521	108,465	11,056	119,521
TOTAL U.S. DEPT. OF EDUCATION		\$1,155,919	\$42,290	\$484,290	\$0	\$662,396	\$572,203	\$132,483	\$662,396
U.S. DEPT. OF AGRICULTURE:									
<u>Passed thru MI Department of Education</u>									
<u>National School Breakfast</u>									
2005-06	10.553	74,629	6,316	74,629	0	0	6,316	0	0
2006-07		85,212	0	0	0	85,212	77,844	7,368	85,212
Total National School Breakfast		159,841	6,316	74,629	0	85,212	84,160	7,368	85,212
<u>National School Lunch</u>									
2005-06	10.555	284,875	20,084	284,875	0	0	20,084	0	0
2006-07		279,761	0	0	0	279,761	256,098	23,663	279,761
Total National School Lunch		564,636	20,084	284,875	0	279,761	276,182	23,663	279,761
<u>Child Care Program</u>									
2006-07	10.558	25,515	0	0	0	25,515	18,237	7,278	25,515
Total U.S. Dept. of Agriculture		749,992	26,400	359,504	0	390,488	378,579	38,309	390,488
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$1,905,911	\$68,690	\$843,794	\$0	\$1,052,884	\$950,782	\$170,792	\$1,052,884

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

1) SIGNIFICANT ACCOUNTING PRINCIPLES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Plymouth Educational Center Charter School and is presented on the same basis of accounting as the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

2) EXPENDITURE REPORTS

Management has reconciled the expenditures reported in the Schedule of Expenditures of Federal Awards to those amounts reported in the annual or final cost reports. Unallowable differences have been disclosed to the auditor.

3) GRANT SECTION AUDITOR'S REPORT

Management has utilized the Form R-7120 in preparing the Schedule of Expenditures of Federal Awards. Unreconciled differences, if any, have been disclosed to the auditor.

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified that are not
considered to be material weaknesses? _____ Yes X None Reported

Non-Compliance material to financial
statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified that are not
considered to be material weakness? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of Circular
A-133? _____ Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Chapter 1/Title 1
10.553/10.555	Child Nutrition Cluster
Dollar threshold used to distinguish between type A and B programs: <u>\$300,000</u>	

Auditee qualified as low risk auditee? X Yes _____ No

See Notes to Schedule of Expenditures of Federal Awards.

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007
(CONTINUED)**

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

No financial statement audit findings were noted for the year ended June 30, 2007.

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

No federal program audit findings noted for the year ended June 30, 2007.

**PLYMOUTH EDUCATIONAL CENTER CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2007
(CONTINUED)**

Status of Prior Year Findings

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

Reference
Number

Finding

2006-1

Program Name – Title I

CFDA Number – 84.010

Condition – Plymouth Educational Center did not comply with the certification requirement for the one staff member who was working 100% for the Title I program.

Status – As a result of our testing for the year ended June 30, 2007, we found certification requirements were properly followed.

2006-2

Program Name – Title I

CFDA Number – 84.010

Condition – As a result of our cash disbursement testing, we noted one disbursement out of thirty non-payroll transactions tested to be unallowable under the grant. The disbursement was for \$622.

Status – No unallowable disbursements were noted as a result of our 2007 testing.